THE POLITICS OF DEINDUSTRIALISATION: THE EXPERIENCE OF THE TEXTILES AND CLOTHING SECTOR (1974-1984)

ABSTRACT Deindustrialisation is taking an increasingly prominent place in public French discourses and has raised the question of the state's capacity to spur the country's industrial rejuvenation. This article views with scepticism the possibility for a state-led reindustrialisation as it finds that deindustrialisation has historically constituted an industrial strategy endorsed by French policy-makers themselves. More precisely, this article argues that deindustrialisation is an industrial strategy that involves a state-sponsored disengagement from specific manufacturing activities in order to rationalise the sector and render it apt to confront international competition. This strategy, as it is argued, is conditioned by two main factors: the scarcity of resources that can potentially be distributed to industrial firms and secondly the resistance of workers and businesses in declining sectors that threaten the political legitimacy of governments. To illustrate this claim the article proposes an examination of the Ministry of Industry's archives between 1974 and 1984 in order to trace the process industrial policy-making enacted towards the Textiles and Clothing Sector. It is found that the consecutive governments of the decade under examination pursued a targeted deindustrialisation of the sector while simultaneously devising strategies aimed at minimising the political costs of this policy preference on the governing authorities.

Keywords: deindustrialisation; political economy; industrial policy; manufacturing; textiles and clothing; Ministry of Industry

INTRODUCTION

France's economic landscape has undergone dramatic changes since the end of the *Trentes Glorieuses* owing in particular to the mutations experienced by its industrial sector. From 1974 to 2014 the industrial sector has lost slightly more than 52% of its initial employment while its value-added contribution of its output to GDP has fallen from 23% in 1980 to 14% in 2015 (INSEE, 2017). Stemming the deindustrialisation tide that has swept France's economy for the past 40 years has become a leitmotiv adopted across the country's political spectrum. During the 2012 electoral campaign Sarkozy's 'Made in France' initiative aiming at encouraging the production of goods on French soil encountered Hollande's proposal – and later adoption- of a law set to limit plants' closures by forcing firms to find a buyer before shutting down any industrial site. In 2017, the electoral battle was still underscored by the theme of deindustrialisation. Macron proposed to continue the project of 'Nouvelle France Industrielle', launched while he was Minister of the Economy, in order to facilitate French industry's transition towards high technology activities, while the state-spurred reindustrialisation of France figured as a prominent policy objective of both Le Pen's and Melenchon's programs. At the same time, bolstering domestic industrial capacities is increasingly gaining a privileged position among the French public opinion's policy concerns (Fourquet, 2011). Deindustrialisation, one could argue, constitutes an undeniable 'French obsession' (Cohen and Buigues, 2014: 2). Despite the long-winded concern over France's industrial performance, there has not been any trace of improvement in its competitiveness or any sign of reindustrialisation taking place in the near future (Artus, 2016). Central to the preoccupations over France's industrial future is the debate over the capacity of the state to halt the course of industrial decline, instead of relinquishing its industrial policy autonomy and acquiescing to the reality of a deindustrialised economy. Indeed, recent calls for the reindustrialisation of the country have stressed the strategic role to be held by the state in this process (Beffa, 2012; Levet, 2012). Clearly, any attempt to understand future of French industry necessitates an exploration of the links between industrial policy and deindustrialisation.

The article begins by examining two common French approaches explaining the mechanisms of deindustialisation, the *naturalist* and the *industriocratic* approach. For the former, deindustrialisation constitutes a structural and inevitable phenomenon experienced by all mature capitalist economies. Industriocratic approaches highlight the economically noxious nature of deindustrialisation as manufacturing is perceived as the engine of growth of the national economy. While in essence both approaches see deindustrialisation as a process whereby winning and losing sectors are culled, they fail to account for the crucial role of the state in determining this selection process. In contrast, this article proposes an alternative definition of deindustrialisation which sees the latter neither as a merely structural transformation nor as industrial decline, but as a state-led strategy. Such a strategy involves a *selective disengagement* from certain manufacturing activities in order to induce a rationalisation process intending to redress the commercial performance of domestic industry. Even further, as a statecraft strategy deindustrialisation is moulded on the one hand by the international competitive pressures weighing upon domestic industry and on the other by the government's need to secure its legitimacy by responding to the calls of the threatened sectors' workers for protection.

To illustrate these theoretical contentions this article proposes an examination of the French Ministry of Industry's (MoI) archives in order to trace the process of industrial policy-making enacted towards the Textiles and Clothing (T&C) sector between 1974 and 1984. Arguably, this decade constitutes the 'first wave of deindustrialisation' to hit the country (Thibault, 2012: 58; Lamard and Stoskopf, 2009). Thus, an examination of industrial mutations during this period allows for a better appreciation of the historical origins of France's ongoing deindustrialisation and the role of policy-makers in propelling it. Furthermore, archival investigation permits to better elucidate the internal and non-public debates that progressively shaped the policy preferences of state managers (Rogers, 2012: 14). Indeed, the analysis of primary government material can provide a substantial empirical basis on which to theorise (industrial) policy whose insights could be ultimately used to inform modern research on national (industrial) strategies for which such archives are not yet available (Kettell, 2004: 5). The pertinence of the sectoral case study lies in the traditional view of T&C production as a comparative advantage of areas rich in cheap labour which render advanced economies unable to resist the mass migration of T&C capital towards developing countries. The archive-based evidence collected in the French National Archives indicates that in response to a global crisis of overproduction that put France in a particularly vulnerable position in the international T&C market, the consecutive governments in office during the decade under examination were consistently inclined towards a targeted deindustrialisation of the sector in order to foster domestic production around certain key industrial units within the sector and offset the devastating effects of a growing trade deficit.

The sector's historical experience is divided into three distinct periods which highlight the governments' broader dilemma between the pursuit of political legitimacy and industrial rationalisation. From 1974 to 1979, the state relegated the financial responsibility for restructuring to an inter-professional body consisting principally of the representatives from the sector's industrialists. The limited resources held by this committee was the principal way through which selectivity in aids attribution operated. The year before the 1981 elections witnessed a sudden change of attitude from the part of the government which declared T&C as a key industrial priority. In fact, the MoI discreetly devised a policy of industrial targeting aiming at identifying the key clusters of the sector to which industrial aids should be channelled in priority. Following Mitterrand's ascendancy at the head of the Vth Republic, the socialist T&C strategy essentially consisted in slowing down the deindustrialisation strategy through a comparatively open and undiscriminating system of subsidisation. This strategy served as a means for the government to strengthen the electorate's political support before adopting a stricter stance that allowed market competition to become the primary determinant of the devaluation process.

While the experience of the T&C sector is insufficient to draw conclusions about the future of the totality of France's manufacturing sector, the article's empirical investigation offers certain crucial insights for the study of deindustrialisation. Firstly, the decline and expansion of sectors is not structurally determined as naturalists would argue. Rather, the government's policy priorities play a detrimental role in shaping the trajectory of different industries. Secondly, and as a result the state is not a mere passive observer of the process of deindustrialisation. This suggests that the latter should not be merely viewed as a description or trend of French industry which the state must either counteract or acquiesce to but, as an industrial policy option in its own right that state managers are prone to deploy in certain sectors within a context of increasing internationalisation and scarce financial resources.

FRENCH APPROACHES TO DEINDUSTRIALISATION

To schematise the divergent approaches to French industrial hollowing out we divide them into two broad, but nevertheless not exhaustive, categories. On the one hand, the *naturalist* approach contends that deindustrialisation is a natural market-led phenomenon stemming from the workings of the supply and demand side mechanisms of the market. On the other, the *industriocratic* approach, just like physiocratic thought considered agricultural activities as the source of a nation's productive power, conceives of the industrial sector as the main engine of growth of a national economy and thus any deterioration of its position is seen as an economically damaging phenomenon. This classification of the literature ought not to be understood as an identification of two coherent and all-encompassing theoretical frameworks but rather as a categorisation that stresses the two main methodological approaches used to understand deindustrialisation and the role of the state in this process.

The Naturalist Approach

The point of departure of the naturalist approach is that deindustrialisation can be adequately explained by the in-built supply and demand side dynamics of the market. As manufacturing achieves higher productivity levels, its need for labour is reduced which as a result is absorbed by tertiary activities (Demmou, 2010: 8; Landier and Thesmar, 2013: 32-33). On the demand-side, changing patterns of consumption also help explain the relative demise of manufacturing. Productivity-led decreases in manufactures' prices as well as the general improvement in the population's living standards have permitted a transformation of demand patterns marked by their shift towards more luxurious service products and a relative saturation of needs for traditional manufactures (CEPII, 2014: 1; Demmou, 2010: 14; Landier and Thesmar, 2013: 21; Fontagné and Lorenzi, 2005: 43). According to this explanation, the declining trajectory of French industrial employment since the 1970s is, in its greatest part, explained by technical progress and the mutation of demand at the domestic level (Daudin and Levasseur, 2005: 157; Fontagné and Lorenzi, 2005: 43). As such, the hasty association between globalisation and deindustrialisation is refuted by the observed propensity of all developed economies to deindustrialise (Gazaniol, 2012: 5, 34-35).

Additionally, there are other domestic factors that inflate manufacturing employment losses such as the recourse to domestic outsourcing and the reliance of manufacturing firms on temporary employment (Demmou, 2010: 9: Daudin and Levasseur, 2005: 139). With regards to the former, activities previously performed in-house by manufacturing firms, like marketing, conception or logistics, have increasingly become outsourced to specialist service providers (DATAR, 2004: 8). Similarly, manufacturing firms have since the mid-1990s tendentially increased their share of personnel employed through temping agencies, meaning that jobs actually performed within a manufacturing setting are actually classified under the service sector (Daudin and Levasseur, 2005: 139). These developments have, in fact, led to a statistical transfer of industry's contribution to GDP and total national employment to the service sector (Le Blanc, 2005: p.9).

The naturalist approach does not overlook the contribution of external factors, such as competition from developing countries, to deindustrialisation. Rather their interpretation suggests that the latter ought to be understood as reinforcing the deindustrialising tendencies that are already present at home (Fontagne and Lorenzi, 2005: 33). As the national economy opens up to international trade, price-led competitive pressures only accentuate the efforts of domestic industrialists to modernise and increase their productivity gains. In accordance with neoclassical trade theory, efficiency-seeking leads to a specialisation of domestic industry towards the highest value-added segments of the manufacturing chain of production whose capital-intensity further decreases the need for industrial labour (Fontagné and Lorenzi, 2005: 44-46). Domestic industry's conversion to technologically and skill demanding activities further incentivises the increasing productivity of the sector as the most efficient sectors within manufacturing are prioritised. As it is argued, the demise of a particular sector (e.g. textiles) is not always 'bad news' (Daudin and Levasseur, 2005: 157). Ultimately, foreign trade reproduces the consumer and efficiency gains that, in any way, deindustrialisation brings about domestically (Fontagné and Lorenzi, 2005: 14). Given that improvements in productivity and declining prices have led to a relative demise of manufacturing's employment and GDP contributions, deindustrialisation is seen as a mere 'optical illusion' which in fact owes to a vigorous industrial performance (Chatillon, 2011: 51; Roustan, 2004: p.47; Fontagné and Lorenzi: 21).

Undoubtedly, the deindustrialisation of France has not been as smooth as depicted in the naturalist scheme, with the pauperisation of old industrial basins in Normandy or Lorraine as well as persistent unemployment among low-skilled workers (Jauneau, 2009) paving the way for more alarmist discourses on industrial decline. However, from a naturalist lens, domestic distortions accompanying deindustrialisation stem from the inner deficiencies of French society itself (Roustan, 2004: 15). More precisely, regional and social dislocations betray the failure of public policy to follow and adapt to the modernising movement of this industrial mutation. Macroeconomic policy choices or labor market regulations have a far wider impact on the domestic state of employment than economic globalisation (Fontagné and Lorenzi, 2005: 19). Regional pockets of unemployment could, for instance, be understood as manifestations of the failure of current labour training procedures or of inflexibilities within the labour market that prevent the formation of a labour force adapted to the transformed needs of the industrial sector such as the higher demand for skilled labour (Fontagné and Lorenzi, 2005: 19; Roustan, 2004: 9).

In sum, the naturalist perspective on France's deindustrialisation suggests that the shrinking size of the manufacturing sector is a natural phenomenon that manifests its healthy overall performance. On the other hand, the adverse social effects that have accompanied it are agency-led and more precisely state-led as they manifest the failure of macroeconomic policies to adapt to new market requirements. Political authorities cannot halt the deindustrialising tendency of the country but their capacity to deploy a set of policies capable of adjusting French society to a mutated industrial setting is of crucial importance.

The Industriocratic Approach

The foundational assumption of the industriocratic approach is that industry is the sole source of a nation's wealth (Le Tellier and Torres, 1993: 11). It is the peculiar properties of the manufacturing sector that permit it to establish itself as a national economy's engine of growth on whose performance the health of other economic activities relies (Coriat and Taddéi, 1993: 63). Manufacturing is not a mere auxiliary activity which can be disposed of by national economies, but instead constitutes the backbone of the economy itself and the lifeblood of its productive base (Artus and Virard, 2011: 19; Colletis, 2012: 13). It follows, that deindustrialisation is understood as a crisis-signalling rather than a healthy evolution.

The magnitude of this crisis becomes manifest in France's comparative performance within the international market which is the tell-tale sign of its industrial sector's weaknesses (Levet, 1989: 3-6, Artus and Virard, 2011: 19-20). For instance, Cohen and Buigues (2014: 30,35) while admitting that there is a statistical trickery at play that conceals industry's actual economic contribution, contend that the data capturing France's international conduct in manufactures trade unassailably betrays its weak industrial performance vis-à-vis its trading partners. Declining market shares in manufacturing products, growing deficits in France's trade balance and the falling contribution of exports in goods in total GDP are considered as the prime indicators of France's deindustrialisation (Le Franc, 1983: 27; Giraud and Weil, 2013: 51; Artus and Virard, ibid: 79; Mustar, 2016: 308).

The opening up of the economy and the emergence of industrial competitors from the developing world do not translate into an ordered and harmonious process of trade specialisation among the participating countries as the neoclassical model would have it (Le Franc, 1983: 88, 92; Artus and Virard, 2011: 77-79). The fragmentation and geographical relocation of the manufacturing process towards late industrialisers dismantles the coherence of the domestic productive base as this process entails simultaneously an abandonment of all the high-skilled tertiary activities associated with manufacturing and disturbs domestic supplier-purchaser relations (Cohen and Buigues, 2014: 55; Colletis, 2012: 17). At the same time, this transfer of competences encourages developing countries to mimic the know-how and technological practices of developed economies threatening to displace the initial industrial edge held by the latter (Cohen and Buigues, ibid: 56; Giraud and Weil, ibid: p.106). Unlike, other developed countries' industrial sectors, such as the Swedish or the German, France has been unable to upgrade the innovative content of its products and move upmarket (Cohen and Buigues, 2014). Therefore, the global distribution of manufacturing activities is determined by industrial developments and strategies pursued domestically rather than the overarching logic of the trade specialisation model.

Explanations over the precise roots of French industrial decline might differ among industriocratic authors, but nevertheless one can notice a recurrent stress of the state's failure to redress France's industrial base in the phase of the growing competitive pressures accompanying globalisation. For instance, it is often noticed that with the onset of France's industrial crisis in the mid-1970s industrial policy was compromised by policymakers' concern to mitigate social contestation and avoid the necessary drastic restructuring required in order to strengthen the competitiveness of domestic industry (Levet, 1989: 34; Le Franc, 1983: 181). Characteristically, Cohen (1989) in his masterful *L'Etat Brancardier* argues that from 1974 to 1984 the state restricted itself to a socio-political management of industrial decline in order to prevent the escalation of conflict by spreading in time the redundancies or plant closures of firms experiencing economic difficulties without treating the deep deficiencies of French industry. Ultimately, it is observed that with the end of the *trentes glorieuses*, the state progressively relinquished its industrial ambition and the strategic role it had in spurring industrial development (Colletis, 2012: 90; Thibault, 2008: 62-70).

The abandonment of a strategic industrial policy was followed by a discordance between the macroeconomic policies endorsed by governments since the 1970s and the contemporary prerequisites for a developed economy's competitive industrial base- as is the shift from price-competitiveness to quality-based competition (Colletis, 2012: 88; Cohen and Buigues, 2014: 340). Contemporary French industrial policy is marked by its reluctance to redeploy the industrial sector's strengths by promoting the execution of grand industrial programs (Cohen, 2007: 225). While this approach does not overlook the involvement of public authorities in industrial affairs, it is argued that in recent decades such interventions have been characterised by their limited scope and lack of an overarching industrial logic. For Cohen (2007: 225), such is the case of the regional clusters policy (poles de competitivité) which is being undermined by diverging 'parochial' interests competing for a scarce amount funds, while Colletis (2012: 88-93) notes that since the 1980s the state has excessively focused on promoting the interests of big firms (e.g. Alcatel, Framatome) at the expense of the interests of the wider industrial sector.

To summarise, for the industriocratic tradition deindustrialisation is a metonym for industrial decline. It is an economically unsettling, but reversible, condition that manifests the dismantlement of France's productive base. In this vein, the state has the potential to engage in a more active industrial policy which could potentially propel a reindustrialisation of the country and reverse the deindustrialisation trend.

DEINDUSTRIALISATION AS INDUSTRIAL STATECRAFT

The review of the literature reveals that France's deindustrialisation consists of a process of selection of the industries that will persist in an era of increasingly globalised industrial competition. From the naturalist point of view this selectivity operates, as it were, automatically through the concurrent effects of domestic market-led developments and the materialisation of the trade specialisation thesis. In contrast, from an industriocratic perspective this selection process operates in a more unpredictable manner given the failure of the state to strategically coordinate this process. It is the outcome of the competitive struggle between France and its better performing commercial partners that deteriorates the country's industrial positions. However, as it is contended here, both approaches overlook the extent to which industrial or macroeconomic policy can actively participate in designing this selection process and encouraging deindustrialisation (Hudson, 1986a; Martin, 1986:284-285). Indeed, these views convey that deindustrialisation has been determined by evolutions that have escaped the state's control. In the naturalist perspective, the state can only play a supporting role, whereby macroeconomic policies are adapted to the newly formed industrial landscape (e.g. through adopting the appropriate labour training systems) or a distorting one (e.g. by maintain labour market rigidities) that disturbs the natural occurrence of deindustrialisation. In the industriocratic vein, the state is conspicuous by its absence and has refrained from preventing industrial decline. It follows, the deindustrialising trajectory of France has been traced heteronomously with the political sphere having passively assisted to the country's industrial mutation. The lack of deeper engagement with the state can be remedied by defining deindustrialisation neither as a purely structural process nor as economic decline as the naturalists and industriocrats respectively argue, but as an industrial statecraft strategy. Such an exercise will deepen the insights of the existing approaches.

In fact, the competing theses are neither inherently incorrect nor mutually exclusive: productivity-led deindustrialisation and deindustrialisation resulting from declining performance can in fact coexist within a national territory and contribute simultaneously to manufacturing hollowing out (Alderson, 1999: 706). The article's claim however, is that state incentives can play a crucial in strategically promoting these two forms of deindustrialisation across and within sectors. More precisely, a productivity-led decrease of industrial labour presupposes the investing capacity of firms to undertake such a technological leap. Yet, this is precisely what a great part of the French industrial sector was lacking from the mid-1970s to the early 1980s, during the most intense period of deindustrialisation as the general slowdown in the rate of return brought a downward pressure in the self-financing capacity of firms and a consequent drop in investment (OECD, 1984). During this investment drought, state-led initiatives of a varying nature (nationalisations, subsidised loans, tax breaks, rescue packages, sectoral plans) played a crucial role in allowing firms to liberate the necessary funds to introduce labour-saving technologies.

In addition, doubt can be cast upon claims about the spontaneous formation of an international division of labour in the light of international market openness. Indeed, the naturalist approach universalises the experience of industrial sectors across countries and reduces the study of their evolution to their immutable techno-economic aspects while disregarding the social and historical foundations that lead to the adoption of particular industrial strategies and preferences within a sector (Boyer, 1991: 29; Julien and Smith, 2011: 366). Furthermore, as Petit (1986: 63) argues, there is nothing irreversible in the decline of traditional industries in developed economies since their relative technological proficiency can in fact allow them to revitalise and modernise such sectors. In this respect, the 'Politics of Industry' approach advanced by Julien and Smith (2008) goes to great lengths to show the non-deterministic relationship between globalisation and the evolutions within a particular industrial sector. As it is argued, rather than a one-sided process determined externally by market forces, the changing patterns of organisation within an industry are to a large extent configured by the strategic and political interactions of public and private agents operating within it (Julien and Smith, 2008: 202).

On the industriocratic side, certain authors are right to point out that at times industrial competitiveness concerns have been sidestepped to the benefit of more socially oriented issues. Indeed, as of the end of the *trentes glorieuses* the state was characterised by its inclination to 'bailout lame ducks' so as to avert the escalation of social conflict instead of encouraging the necessary and socially painful restructuring of the sector (Levy, 2013: 340; Hau, 2007: 35). However, mitigating the social repercussions of drastic restructuring measures is only one side of the coin of the pressures faced by governmental authorities when devising industrial strategies (Block, 1987: 127). At the same time, increasing internationalisation forces governments to endorse rationalisation measures in order to refurbish industrial structures and increase their competitive potential by eliminating obsolete units. In short, social appeasement and the pursuit of economic competitiveness are two inescapable constraints that industrial policy makers must deal with.

On a broader conceptual level, the aforementioned two dimensions in which policy-makers are enmeshed have been theorised in terms of the accumulation and legitimation constraints that weigh upon contemporary capitalist states (Watson 2009: 259; Rogers, 2013). More precisely, policy-makers must ensure the undisturbed reproduction of the domestic economy and its successful insertion within the global market while simultaneously securing political backing and minimising contestation at the domestic level (Rogers, 2013: 6; Kettell, 2004: 24). Still, the wedding of these objectives is a conflicting process which presents itself as a policy quandary for state managers as achieving a dynamic presence in international markets might necessitate the implementation of popularly abhorred policies (Rogers, 2009: 973). As a result, economic policy in general, and industrial policy in particular, is constantly forced to navigate between two governing objectives, namely adapting domestic economic structures to the conditions of global competition and averting a major political crisis directed at the governing elites.

Further light on the conflictual dilemmas underpinning policy-making can be shed by the public policy analysis advanced by Jobert and Muller (1987: 32-33) who argue that the public authorities' straddling between regulation and legitimation imperatives operates even at the more micro-level of individual economic sectors. More precisely, it is suggested that the state strives to achieve the integration and adjustment of sector-specific policies to the broader exigencies for the reproduction of domestic society while also ensuring the legitimation of its overarching policy objectives by the sector's agents so as to maintain the overall cohesion of the social order (Jobert and Muller 1987: 17-19, 131). As such public policy is conceived as a form of social mediation aiming at inscribing sectoral objectives (e.g. rationalisation of textiles) within the broader objectives set by the state for the whole society (e.g. industrial competitiveness). Focusing on the particular modalities through which existing social compromises are dismantled and new ones are reconfigured within individual sectors allows to better examine the nationally specific responses to prevailing international pressures (Brenac, 1994: 316, 319). Ultimately, an emphasis on the crucial role of state in adjusting sectoral and national objectives allows us to go beyond approaches that focus on the constrains that global capital mobility has unilaterally imposed on the range of policy options that state managers are able to mobilise (*inter alia* Ruggie, 1994; Rhodes, 1996; Strange, 1994). Instead, the state is effectively conceived as the node through which domestic productive structures are adapted to changing international conditions (Muller, 1985: 185) as policymakers deploy an array of discursive and policy tools to achieve economic credibility on the international scene and reproduce domestic social compromises (Jobert, 1999: 84, 91-92; Muller, 2000: 205). After all, as Jobert and Théret (1994) argue the 'neoliberal turn' in French policy-making was not imposed by external forces but was advocated by civil servants and administrative elites occupying segments of the state apparatus itself.

The preceding theoretical considerations allow for a better appreciation of industrial statecraft within a context of increasing internationalisation and crisis. In this vein, deindustrialisation can be understood as an industrial strategy that involves a state-sponsored disengagement from selected manufacturing activities in order to rationalise the industrial sector as a whole and render it apt to face international competition. In other words, deindustrialisation as a statecraft strategy involves the selective devaluation of the superfluous industrial capital that impedes successful trade performance. Such a strategy is conditioned by two factors. Firstly, industrial policy is by its nature selective and directed at the promotion of deliberately chosen sectors and firms (Chang, 1994: p.61; Landsemann 1992; Pack and Saggi, 2006). As Chang (2009) argues: ‘In a world with scarce resources, every [industrial] policy choice you make, however “general” the policy may look, has discriminatory effects that amount to targeting’ (p.90). Inversely then, industrial policy is not solely confined to ‘picking winners’ but also to ‘designating losers’. Secondly, the progressive substitution of lagging sectors by cutthroat ones is underpinned by the political contestation of workers and businesses within displaced sectors (Gilpin, 1987: p.99). State involvement in the process industrial conversion necessarily draws contestation over the allocation of resources back on to itself (Evans, 1995: 6). The way out of the dilemma with which policy-makers are faced over the allocation of public resources (Offe, 1975: 128-129) in order to promote certain sectors and encourage disinvestment in others necessarily entails a process of 'hierarchisation of sectoral policies' (Jobert and Muller, 1987: 222) which ultimately reveals the decisive role held by statecraft in strengthening or weakening certain sectors.

In addition to the T&C case studied below, evidence of a state-endorsed disengagement strategy can be observed in other cases, as well. In 1960, in light of the rise of alternative energy sources, the Jeanneney plan for the state-owned French coal industry planned the substantial diminution of French coal production and the shutting down of various mines mainly located in the Centre-Midi region. In this vein, the least profitable mines whose cost of maintenance could not justify the drain incurred on the state's budget, were eliminated and coal production concentrated on the most efficient sites without having recourse to the socially costlier strategy of implementing cuts on the miners' earnings (Kocher-Marboeuf, 2003: Ch.5). Additionally, since the 1970s the French state had been encouraging, through regional development premiums, the car constructors' strategy of progressive disengagement from their ageing Parisian plants and the installation of more modern industrial units in the provinces. By allowing the decentralisation of the car industry and disinvestment in the ile-de-France region, the state was able to guarantee the modernisation of the sector's industrial apparatus as well as to show its determination to induce the industrial reconversion of regions characterised by industrial decline especially in the Nord (Dormand, 2001: 95-99; Oberhauser, 1990). Outside of France's borders, Hudson's (1986b) examination of the British case demonstrates the ways through which the Thatcher government actively participated in the deindustrialisation of North-Eastern England. In the nationalised Coal, Steel and Shipbuilding sectors, industrial policy sought to selectively eliminate their loss-making activities (i.e. deep mining, steel's inland units, ship repair and engineering) leading to a substantial disinvestment in the region. Behind the deliberate disinvestment of this region, lied an industrial strategy aiming at creating a smaller but nevertheless more efficient national manufacturing base (Hudson, 1986b: 199-200). As these examples indicate, the state, juggling with both legitimation and accumulation concerns, can play a crucial role in orienting the ‘shifting out’ and ‘shifting into’ certain selected manufacturing activities and areas (Cohen, 1982).

By focusing on the experience of the T&C industry and the way that pressures of legitimation and accumulation were received by the governments of the 1974-1984 decade, the remainder of this article will demonstrate how deindustrialisation can be effectively understood as process mediated and moulded by the state itself.

THE TEXTILKES AND CLOTHING EXPERIENCE (1974-1984)

Dominated by traditional, small and often family-owned firms that co-existed alongside few internationally-oriented companies (Underhill, 1990; p.194), the T&C sector was characterised by its 'archaic' image, its antiquated managerial methods and its reluctance to expose itself to the international market (Benzoni, 1983; pp.106-107). It follows, that the post-war trajectory of the textile-clothing sector in France has been characterised by its slow pace of modernisation and its persistent crisis-prone tendencies (Underhil, 1988: 496).

In order to enliven the potential of the sector, the *Comité Interprofessionel de Renovation des Structure Industriels et Commerciales de L'Industrie Textile* (CIRIT), an agency financed through a parafiscal levy set at 0.44% of the revenues of textile industries, was founded in 1966 with the aim of providing grants to firms willing to merge or absorb smaller ones. Out of CIRIT's eleven members seven represented the profession's employers and five were representatives of public financial institutions. The endeavour to induce concentration within the textile industry did not eliminate its dualistic nature as the generally protectionist environment permitted the 'artificial' survival of smaller firms, which meant the sector tended towards a persistent state of overproduction. Mytelka (1982a) describes the situation in textiles as follows: 'As the process of concentration proceeded during the 1960s, the very existence of a large number of less modernised firms, their ability to 'dump' textiles onto the domestic market, and the mounting pressure from international competition brought a downward pressure upon profits' (p.140). The decrease of firms' returns led to a drop in investment and a consequent weakening of the sector's capacity to effectively compete in the international market. As a result, in the late 1970s the sector's trade balance went into deficit for the first time in its post-war trajectory. Manifestly, a radical rationalisation of the sector was needed in order to eliminate the superfluous industrial capital weighing on the sector's performance.

Within the limited attention received by industrial policy towards French T&C (Mytelka, 1982a,1982b; Mahon and Mytelka, 1983; Underhill, 1988, 1990, 1998, 2005) it is often argued that the corporate interests of large textile employers were of a decisive influence in guiding the French MoI's positions in their favour (Mytelka, 1982a: 144; Underhill, 1998: 133-134). Instead, the archival findings presented in this section, in line with the article's overarching argument, shows that the MoI enjoyed considerable autonomy from the sector's corporate interests and the formulation of industrial policy was dictated mainly by the state's own conflicting objective to secure political legitimacy while inducing a rationalisation of the sector in order to remedy its crisis.

The experience of the sector is divided into three distinct episodes (1974-1979, 1980-1981, 1981-1984) which highlight the consecutive governments' attempt to implement a selective disengagement strategy along with the political and social obstacles that it encountered.

SEEKING 'PROFESSIONAL HELP' (1974-1979)

Throughout, the 1970s, the CIRIT remained the primary organ through which aids were provided to the T&C sector in order to confront the grave crisis it was undergoing given the limited support that the sector received from other established channels of industrial aids distribution (Poncelet, 1981: 305-315). An alternative source of funding for textile firms was all the more important given the wider capital shortage reigning in the sector. In a context of falling profits, firms were reluctant to borrow on the private market given the high costs of borrowing that would accompany their expensive modernising investments (Mytelka, 1982a:141).

As mentioned, in the 1960s, the effort to restructure the textile sector through the CIRIT was centred around a policy of industrial concentration. This strategy was by its nature very selective as it entailed the promotion of large conglomerates and the exclusion of marginal firms 'unable to contemplate mergers or takeovers' from assistance (Underhill, 1988: p.499). CIRIT's mission entailed the conduction of an orderly devaluation of uncompetitive textile capital and the simultaneous promotion of bigger firms capable of facing the threat of foreign competition. In the early 1970s the handling of intervention procedures by the CIRIT was based on equally restrictive criteria. From July 1971 to June 1974, the CIRIT obtained government authorisation to implement a program of assistance to modernisation. Aids were granted insofar as the investments of candidate firms were significantly higher than the average volume of investment within the sector[1]. Thus, *selective disengagement* was carried out by discriminating against smaller and uncompetitive firms in the provision of financial assistance. The end of the program coincided with the climax of the sector's crisis and the acknowledgement of the increasingly threatening spectre of unemployment by business and government cycles.

The importance of T&C employment for the stability of France's social tissue rested, not only, on the fact that it occupied a considerable share of the country's manufacturing jobs (11.6% in 1973) but also on its regional significance for Northern and North-Eastern France (INSEE, 1973). In addition, even though the structure of the T&C sector based on the overwhelming presence of small firms acted as a natural barrier to the unionisation of labour (Berger, 1980: 101), the strike and occupation at the Lip watch plant in 1973 had shown that even so-called traditional sectors were not immune to social implosions (Zukin, 1985: 357). The 'Affaire Lip' invigorated the necessity for state managers to contain and pacify social conflicts.

A strike at the Bouly tights and stockings plant in the city of Fourmies in the North occurring only weeks after the onset of the Lip strike, spread fears over the creation of a 'new Lip'

(L'Unité, 21 March 1974)[2]. The CIRIT and the MoI had refused to provide financial assistance to the firm as they deemed it economically inefficient, forcing it into bankruptcy[3]. The limited assistance received by governmental authorities in the Bouly case raised the alarm about the effectiveness of intervention procedures in the sector and the regional implosions that such a stance could inadvertently engender. In a document submitted to the CIRIT in February 1974, the Union des Inudstries Textile (UIT), the employer's association of the textile industry, was forced to admit that current procedures were ill-equipped to deal with cases 'where operating difficulties experienced by firms run the risk of leading to the disappearance of jobs under conditions that are dangerous from a social perspective'[4]. Indeed, the UIT observed CIRIT's lack of reflexes in the Bouly case and noted the incompatibility of its belated interventions with the rapid mediation required in contexts of growing social tensions[5].

The aggravation of the social crisis led to the adoption of a softer approach to grants distribution. Indeed, the CIRIT announced that its post-1974 intervention procedures would include social criteria in their motivation such as the employment-generation capacity of firms[6]. Employment concerns became such a central feature of the CIRIT's policy that in its 9th annual report the committee explained that while its past policies towards marginal firms focused on smoothing their shut down, as of 1975 they had to take into account the grave repercussions on employment and thus selectively provide support to firms on the basis of the efforts made to re-employ the laid-off personnel[7]. Similarly, the 10th annual report explained that in 1976 'the committee decided that it could not, given the prevailing employment conditions, incite the closing down of firms even if that would have been reasonable from a purely economic standpoint'[8]. CIRIT's intervention procedures were, thus, subject to some degree of flexibilisation which was further manifest in its increasing opening up towards smaller and medium-sized firms[9].

However, the CIRIT's approach was limited by two factors. Firstly, the concern over employment maintenance was undermined by the rational economic planning necessitated by the harsh conditions imposed by global competition. For instance, the safeguard of production units despite the lack of viable economic motives run contrary to the overproduction tendencies of the sector. As an example, in May 1977 the president of the French Cotton Industry Federation transmitted to the CIRIT his dissatisfaction with the latter's promotion of modernisation investments within the household textiles industry which disregarded the already overwhelming overcapacities of the sector and the limited capacity of the market to absorb excess products[10]. The prevalent overproduction tendencies in many subsectors of the textile industry therefore became a central concern of the CIRIT since early 1977[11], forcing it to officially include a clause on the discouragement of further investment in sectors known for their overcapacities on April of the same year[12].

Secondly, the availability of financial resources within CIRIT's budget rested entirely on the sums collected from the parafiscal tax on the industry's revenues, its interventions being thus limited by budgetary considerations. In fact, given the aggravated economic climate, CIRIT's expenditures significantly exceeded its incomes by 35% in 1976, 45% in 1977 and 15% in 1978, but was able to finance its programmes through the reserves it had accumulated during the previous years. In its own words, the situation was as follows:

> 'the sum of [CIRIT's] interventions exceeds since two years the sum of the proceeds from the levy for the same period. This was permitted by the existence of reserves while awaiting for an increase in resources to come… from certain allotments expected from the CAPI [Credits d'Actions de Politique Industrielle] [13] … these measures have not intervened so far.'[14]

The CIRIT regretfully observed that its interventions had not been supplemented by state-financed industrial subsidies. Instead, the MoI's preferred solution to remedy the budgetary imbalances of the CIRIT was to incite the latter to 'decrease its expenses by applying a greater selectivity in the choice of subsidised projects'[15] and step up the selective disengagement from uncompetitive activities. Because of financial limitations and the reliance on its own funds, the CIRIT was forced to restrict its field of action and concentrate its participation to investments which were aiming at significantly enhancing the productivity of firms[16]. After 1978, the intervention procedures of the CIRIT became increasingly reminiscent of its pre-1974 patterns of intervention as they privileged the most competitive firms whose proposed investment programs demarcated them from their domestic competitors.

The first years of the textile crisis where marked by the absence of direct state involvement in the manner that other sectors, such as the shipbuilding or steel industry, had witnessed. The need for a selective disengagement from the sector, thus, operated through the scarcity of funds imposed upon the CIRIT. Indeed, by delegating the financial responsibility for the sector's rationalisation to the professions themselves, the state restricted the CIRIT's temptation to yield to social pressures to secure employment. Within a context of limited funds, increased selectivity became the main mechanism available for the attribution of aids.

FROM BURDEN TO STRATEGIC SECTOR? (1980-1981)

The main shortcoming of the CIRIT-led strategy of industrial adjustment was the impression that the government put the sector's situation on the back burner as industrial policy prioritised the recovery of other sectors such as steel or shipbuilding which had benefitted from emergency plans in 1977 and 1978 accordingly. In addition, since 1979 six sectors were granted the 'strategic sector' status by the CODIS, an inter-ministerial Committee responsible for identifying the economically most promising industrial activities and coordinating the diffusion of existing subsidies towards these sectors (i.e. office equipment, consumer electronics, robotics, bio-technology, underwater and energy-reducing activities). The political stakes of the T&C crisis were well captured by the senator of the Nord region and Vice-President of the Senate, Maurice Schumann, who in a 1980 letter to President Valéry Giscard d'Estaing (VGE) explained that in order to vanquish the 'textile anguish' that proliferates in regions such as Alsace or Nord it was necessary to formulate a comprehensive plan rather than to contingently implement a scattered set of measures[17]. Even further, he argued that:

> 'The best course of action and one whose moral impact will be considerable is, of course, to apply on textiles the CODIS procedures. If it becomes the seventh prioritised sector, the 600,000 textile and clothing workers will cease to, worryingly, lend an ear to those who tell them that public authorities are resigned to the demise of their livelihood and focus the totality of their efforts on cutting-edge technologies.'[18]

On the 5th of November 1980, five months prior to the electoral confrontation with the socialists, the MoI announced the integration of T&C into the CODIS scheme and their official consolidation as a key sector for the reinforcement of France's industrial tissue. As put by Bobe (1983) later in a World Bank working paper: 'On the eve of the last elections, in a somewhat unusual move, textiles were added to...[the] high priority sectors. Clearly, political necessity makes its own laws' (p.19).

Underpinning the design of the new plan was the observation that the state should be the key formulator of the strategic aims necessary for increasing the international competitiveness of the sector[19]. Without a decisive public intervention, the T&C industrialists would adopt a defensive strategy and retreat from the international scene[20]. The necessity to concede the delineation of the sector's blueprint to the state was a concern shared not only among public figures but within the profession as well[21]. Breaking with the policy of the first years of the crisis, the government was now forced to assume the political and financial responsibilities of the sector's recovery from the crisis.

However, the government's changing attitude towards T&C did not entail an at 'all costs' attempt to save the totality of the sector, as this idea was dismissed in a CODIS reunion in July 1980[22]. Rather, it consisted of a targeted deindustrialisation effort underpinned by an increasing selectivity with regards to the choice of destination of public aids. While, previously the selective disengagement strategy operated through the scarcity of CIRIT's funds, it was now achieved by way of prioritising specific segments of the industry and leaving the rest to the fate of international competition. Thus, the state was resigned to accept a limited trade deficit with developing countries in hosiery garments and apparels, while aiming to stabilise or even achieve a surplus with the country's developed counterparts in more sophisticated products such as chemical textiles[23]. Overall, this 'ordered deindustrialisation' strategy was guided by a double aim to firstly, contain the degradation of France's trade balance in T&C products by limiting the deficit at 20,000 million francs despite the employers' call for greater protectionism[24] and secondly, to slow down the disappearance of jobs and instead of the projected 40,000-50,000 yearly job losses to bring this rate down to the more 'acceptable proportions' of around 15,000-20,000 yearly job losses[25]. As described by the MoI France's T&C policy was one of 'selective protectionism'[26] aiming at maintaining the core of the sector's potential while allowing the fading away of its superfluous elements. Since, under the prevailing conditions a complete disengagement from the sector was socially as well as economically impermissible[27], the state intended to implement a strategy permitting a temporary political palliation of the undergoing social disruptions while limiting its intervention to the commercially most strategic sub-sectors.

Based on a study by the PEAT MARWICK MITHCELL and Co consultant agency charged with analysing the expected growth of the various international T&C markets, the MoI sought to identify the main T&C clusters that should be prioritised through the CODIS's actions. Ultimately, these were reduced down to nine in September 1980 and included: women's leisure trousers, sports clothing, dyeing and finishing of fabrics, textile printing, textiles for the automobile industry, textiles for medical usage, geo-textiles and other textiles destined for technical and industrial use[28]. The choice of industrial direction made by French authorities was, thus, motivated by an intention to selectively disengage from production oriented towards the saturated T&C markets in which production in developing countries had taken the upper hand and to orient the domestic industry's productive potential towards new markets growing faster than average[29]. In contrast to naturalist interpretations, the adaptation of domestic industry to the upmarket segments of the market could not occur automatically. As it was observed French firms had failed to implant themselves in markets that had been proved to be more lucrative for developed economies. As such the CODIS procedures played a crucial role in kickstarting the market niche specialisation of French T&C. Through this strategy of specialisation aiming at capturing 'virgin' markets the government hoped to reconcile the aim of stabilising the trade deficit and preserving certain jobs within the French territory.

The rationally planned intervention of the CODIS stood in direct contrast with the political discourse attached to it which initially implied a global attempt to level up the totality of the

T&C sector. The government was well aware of the limited scope of its industrial aims and its inaptitude to appease the growing social dissatisfaction over the proliferation of firms' closures and most importantly the rapid progression of imports, 'the source of all evils'[30]. Originally, the CODIS concealed its sub-sectorial selectivity from the public, the media and the industrialists by fear of being accused of applying an arbitrary selection process and, thus, preferred to publicise its aids as being, more generally, available for all firms undertaking strategical and innovative investments [31]. However, in the eve of the presidential elections, the cabinet of the MoI realised in the nick of time the necessity to adopt a new set of trade-related measures with 'political and psychological scopes' in order to show the government's determination[32]. Ultimately, these considerations culminated in the adoption of the March 1981 governmental measures regarding the reinforcement of import controls. These measures promised a more stringent supervision of imports (e.g. measures against fraud, exact respect of import quotas) and a stricter application of the GATT's safeguard provisions – such as the article XIX or 'escape clause'- permitting to hamper the rate of imports in sectors where domestic industry is highly vulnerable to soaring imports.

Overall, within a politically and socially charged climate the government was forced to adopt a more interventionist stance in the T&C industry during the last year of VGE's rule. However, the plan was devised too late and too hastily to produce any visible results. With the trade deficit having been further aggravated during 1980 plunging to 3,400 million francs and the workforce having lost some 37,000 workers in only one year, labour failed to reap any benefits from the government's measures. The government's attempted strategy to deindustrialise the sector in an orderly fashion through the selective promotion of key T&C clusters while simultaneously sending workers reassuring signals of a comprehensive plan failed to yield the expected political results as industrial policy was now handed over to Mitterrand's socialist government.

DEINDUSTRIALISATION DELAYED (1981-1984)

According, to Mitterrand there were no condemned sectors, not even the so-called traditional sectors T&C included; industrial policy was to be determined publicly instead of succumbing to the prerogatives of the international division of labour (Mitterrand, 1982). The objective to recover domestic industry through a recapturing of the domestic market gave a heavily politicised flavour to industrial policy and as a consequence raised the tension between the economic imperatives of rationalisation and the social responsibilities of the recently elected government.

Announced in November 1981, the principal novelty of the socialists' plan for textiles was the introduction of a clause on the relief in firms' social contributions. The latter, which was officially termed Employment-Investment Contracts (CEI) and launched in March 1982, instituted a system of social contributions reduction of 12%, 10% and 8% with the aim of helping firms to liberate enough funds to finance their investments in new technologies. The attribution of rates of relief obeyed to a hierarchical logic whereby the best-performing firms would be eligible for a 12% relief while those in a less healthy situation, but in better one than those not signing a contract at all, would receive the 10% rate[33]. Attached to the CEIs were two conditions. The first one concerned investment levels and demanded from firms seeking to obtain the 12% and 10% deduction to undertake investments reaching 1.5% of their revenues. The second condition concerned employment and demanded from firms to seek the re-employment of laid off workers. The 8% deduction was an exceptional clause as it was introduced for struggling firms residing in regions which would have been acutely destabilised in social and economic terms if these firms where to shut down[34]. As open and far-reaching as the plan was, the best performing firms and those less affected by the crisis constituted the fulcrum of the government's T&C policy[35]. In a sense, the selective disengagement from less efficient T&C facilities still persisted in the Socialists' approach albeit in a significantly diluted form.

Indeed, the first year, of the CEI's application was rather undiscriminating as around 3,000 firms (66% of the sector's firms) were able to sign such contracts and when it did discriminate it did so towards smaller firms while making sure that all big textile firms participated in the plan[36]. However, its effects were more mitigated. As explained by the MoI in a letter to the Prime Minister: 'The first results of a year-long application of this procedure were socially very satisfying but economically absolutely insufficient'[37]. While from a social perspective the CEIs managed to spectacularly refrain the surge of layoffs limiting them to 7,000 in 1982, the economic effects were much less pronounced as the sector's trade performance proved to be rather poor with the trade deficit doubling from 4,000 million francs to 8,000 million francs the following year.

Satisfied by the policy's popularity among the public and the overall net political gains for the government[38], the MoI decided to push for a renewal of the contracts despite their mediocre results on France's external commerce. Indeed, as 1983 was going to be a predictably harsh year for the sector, in the absence of CEIs an increase in laying offs would have been blamed on the lack of government initiative[39] given that the regional concentration of employment put industrial policy in the public eye[40].

At the same time rampant inflation and the speculative pressures on the Franc which had been devalued twice since 1981 rendered budgetary rigour all the more pressing in order to restore credibility within international financial markets (Lordon, 1998: 101). Thus, the Ministry of the Economy and the Ministry of the Budget disapproved the renewal of the CEIs defending a position of less assistance to the sector as a way to consolidate budgetary restraint [41]. Similar concerns were expressed by state administrators working within the Commissariat Général du Plan. For instance, Jean Cheval had argued that the sectoral plan was setting 'a dangerous precedent' as the political motivations underpinning the plan were privileging employment objectives over industrial ones[42]. However, as noted by Mitterrand's industrial advisor, Alain Boulbil, in essence the government's plan was concerned with slowing down the rate of employment decrease as opposed to halt its overall decline.[43] In short, intra-state conflicts over the textile plan were mainly centred around its financial cost and the pace of implementation of the selective disengagement strategy as opposed to the latter's necessity. Ultimately, following the interministerial councils of February 1983 the Prime Minister's cabinet sided in favour of the MoI's proposal[44].

This debate was exported to the supranational level, as the EEC also argued for an increased selectivity in the attribution of aids especially in sectors already known for their overcapacities at the European level[45]. For the Commission "there [were] too many people in the EEC's textile for a few places in the sun"[46]. To abide by the accumulation imperatives mediated by the EEC while simultaneously reaping the domestic political benefits of the CEIs, the latter were reinvigorated in early 1983 but operated with greater selectivity. Thus, the conditions attached to CEIs became stricter: while the exigencies on the re-employment of laid off workers were flexibilised[47], the minimum investments necessary for CEI eligibility increased by 70% for textiles and by 40% for clothing with the UIT lamenting that a great number of firms that signed a contract in 1982 would not be able to do so in 1983[48]. Overall, during the second year of the CEIs application, a somewhat greater degree of selectivity was applied but nevertheless the contracts englobed 2,500 firms or 50% of the sector.

Well aware of the palliative nature of its assistance towards the sector, the MoI had argued that both the protectionist stance against developing counties imports defended by French authorities in the EEC as well as the textile plan itself were of a transitory nature. Indeed, the protection of domestic producers through the concluded Multi Fibre Agreements were serving only as a breathing room for firms to modernise and adapt to global market conditions[49]. Similarly, in the MoI's view, if the CEIs continued indefinitely firms would never become competitive on their own[50]. As it were, both the ending of the textile plan and the lifting of imports were considered by the socialist government as a precondition for the resumption of competitiveness by the sector's firms. Therefore, the essential aim of the CEIs and the strict monitoring of imports was to refrain the urge of firms to proceed to massive layoffs in order to delay the negative political impact of an inevitable growth in unemployment. As Hayward (1986: 235) puts it, Mitterrand was simply delaying 'the day of reckoning'.

In 1984, amidst strident discontent from the UIT which was particularly attached to the CEIs[51], the government decided not to renew them and instead sought to accelerate the strategy of selective disengagement. The successor plan was already being devised in early 1983[52] in order to obtain more tangible results in the competitiveness of firms than the CEIs. Using an annual budget amounting to a yearly 150 million francs collected from the parafiscal T&C tax, the Committee for the Promotion of Textile and Clothing Products (CDPDTH) was charged with subsidising loans for a limited number of firms planning investments in new technologies such as computer assisted processes, robotisation of spinning, automatization of knitting and weaving etc[53]. Another indispensable feature of the CDPDTH's plan of action consisted in the promotion of French products in domestic and foreign markets with fashion products gaining a newfound prominence in the MoIs' plans[54]. Again, the targeted promotion of the sector's exports would not be indiscriminately accessible to all applicant firms but would involve a strict top-down process of selection of the firms that were the most likely to implant themselves in foreign markets[55]. As it was understandably asked within the MoI: 'Is it…desirable to continue subsidising firms…that after several years of marketing have never been able to penetrate the market and would in all likelihood never have any chance of success [?]'[56].

However, the adoption of yet another aid package for the sector was met with resistance within the government. Indeed, the Ministry of the Economy, Finances and the Budget had consistently argued against the continuation of parafiscal-financed method of loans subsidisation as it believed that it would constitute an 'economically dangerous choice'[57] that would only hinder the natural competition between industrial networks[58]. The Ministry of the Economy, thus, stood for a stricter market-led adjustment of the textile industry and the abolition of the system of aids.

After a prolonged juridical dispute with the EEC, the program of subsidised loans was rejected. At last, the French government adopted the initial prescriptions of the Ministry of the Economy and abandoned the idea of a comprehensive plan of financial assistance to T&C with the CDPDTH restricting its actions to the second component of its project namely the targeted promotion of French T&C exports. Industrial policy towards textiles therefore became limited to a state-backed 'marketing' of firms with the highest aptitude to capture foreign markets while the less successful firms were destined to decline. However, in contrast to the industriocratic definition, such decline did not manifest a lack of industrial strategy but was essentially a core compoment of the government's industrial preferences since the MoI itself ultimately refused to distribute funds to uncompetitive firms only to maintain them alive artificially[59].

Under the socialists, the selective disengagement strategy of the previous governments was mitigated by their concern to build political backing within the sector's agents. The strategy of selective disengagement did not disappear under their rule, but was watered down for the first two years of Mitterrand's presidency, before the adoption of the MoE's proposal for a more brutal adaptation of the sector to foreign competition. While the legal constraints imposed by the EEC were a fundamental barrier to the continuation of a publicly financed modernisation of the sector, the abandonment of the aid package was at the same time a policy preference expressed by civil servants operating within the MoE and other agencies. Thus, the pressure to end textile assistance did not come solely from the outside but also within the state itself. As Cohen (1982: 25) had anticipated, market-led adjustments in lagging sectors were in fact state-controlled processes in which 'laissez-faire' discourses acted as a legitimation device for their unbridled realisation.

CONCLUSION

This article first confronted two common strands of the literature on deindustrialisation. Within the latter, the naturalist approach defines this phenomenon as a natural transformation of a developed economy's industrial sector while for the industriocratic approach deindustrialisation is synonymous with industrial decline. In contrast, this article has proposed an alternative definition of deindustrialisation as a statecraft strategy that involves a process of selective disengagement from certain manufacturing activities in order to stimulate the rationalisation of industry and enhance its commercial performance. It was argued that the unfolding of this industrial strategy is better captured by considering the accumulation and legitimation imperatives that weigh upon contemporary capitalist states.

The experience of the T&C sector served as an illustration of the French state's pivotal role in the process of deindustrialisation. The key aspect of these successive governments' industrial policies was the selectivity applied to the distribution of aids which entailed a top-down selection of the production units that would survive the crisis and constitute the hard core of domestic T&C production and a consequent marginalisation of firms less apt to figure in the sector's nucleus. This selectivity underwent through three distinct phases. From 1974 until the late 1970s the government ignored the economic and social ills manifested in the sector and relegated their management to the industrialists-dominated committee, the CIRIT. Industrial selectivity became the CIRIT's task. Its financial resources were too weak to allow it to formulate a comprehensive textile plan englobing the totality of the sector, forcing it to be sparing in its distribution of aids. In the early 1980s, largely due to growing political pressures from the opposition as well as the proliferation of unemployed voters, VGE's government proposed an extensive textile package seemingly destined to all T&C firms without discrimination, but in practice mobilised for a limited number of firms pertaining to strategically selected T&C clusters. With the election of a socialist government, industrial policy first attempted to delay the disengagement process and applied comparatively weak selectivity criteria in its administration of aids. After the short-lived attempt to delay the coming devaluation in the sector, the government sided with Ministry of the Economy's recommendations of a market-led adjustment whereby the devaluation process would be, ultimately, decided by international competition with the state confining itself to a selective promotion of the sector's exports.

The lessons drawn from the T&C experience point out that deindustrialisation can effectively be conceived as state-sponsored strategy which involves a targeted disengagement from certain manufacturing areas. Within the context of the debates over France's ongoing industrial hollowing out two main conclusions can be drawn. Firstly, the naturalness of France's deindustrialisation and transition to a service-dominated economy is questionable. As it was shown, the country's industrial mutation was to a great extent favoured by industrial policy-makers and, thus, was moulded by the political objectives of governing authorities. Secondly, light should be also cast upon the limits of the state's capacity to completely reverse the deindustrialisation tide. In a context of increasing internationalisation and scarce resources, the targeted disengagement from lagging sectors and firms crops up as a tantalising policy option for industrial policy-makers.

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Notes

[1] Archives Nationales (AN) 19830427/24 Projet d'Instructions aux Rapporteurs, Mars 1977

[2] L'unité (21/03/1974) « Emploi : Patience de Fourmies »

[3] Assemblée Nationale, 2e séance du Vendredi 7 Décembre 1973

[4] AN 19830427/24, Projet soummis au CIRIT, 15 February 1974

[5] ibid.

[6] AN 19830427/24, Note d'Information, 3 March 1975

[7] AN 19830427/24, 9th annual Report of the CIRIT, 1975

[8] AN 19830427/24, 10th annual Report of the CIRIT, 1976

[9] ibid.

[10] AN 19830427/24, Sauvegrain to Precigout, 4 May 1977

[11] AN 19830427/24, Reunion du CIRIT, 14 January 1977

[12] AN 19830427/24, Instructions a l' Attention de M. les Rapporteurs, October 1977

[13] Subisidised loans distributed by the MoI for industrial purposes.

[14] AN 19830427/24, Orientations du CIRIT, 29 November 1978

[15] AN 19830427/25, Note for the Cabinet of the Prime Minister, 9 May 1978

[16] AN 19830427/24, Orientations du CIRIT, 29 November 1978

[17] AN 19890448/12, Schuman to Giscard d'Estaing, 29 September 1980

[18] ibid.

[19] AN 19840416/34, Propositions en vue de l'intervention du CODIS, 22 May 1980

[20] ibid.

[21] AN 19890448/12, Quelques Interrogations des Chefs d'Entreprises du Textile et de l'Habillement, January 1981

[22] AN 19890448/12, Propositions pour l'intervention du CODIS, 16 September 1980

[23] AN 19840416/34, Propositions en vue de l'intervention du CODIS, 22 May 1980 ; AN 19890448/12, Elements de stratégie industrielle textile, 30 December 1980

[24] AN 19890448/12, Habillement et Mode, 29 November 1980

[25] AN 19840416/34, Propositions en vue de l'intervention du CODIS, 22 May 1980

[26] AN 19840416/34, Propositions en vue de l'intervention du CODIS, 22 May 1980

[27] AN 19840416/34, Propositions en vue de l'intervention du CODIS, 22 May 1980

[28] AN 19840416/34, CODIS, Textile-Habillement, 26 January 1981

[29] AN 1989448/12, Propositions pour l'intervention du CODIS, 18 September 198

[30] AN 19890448/12, Note pour le Ministre, 16 February 1981

[31] AN 19890448/12, Note, 26 September 1980 ; AN 19890448/12, Propositions pour l'intervention du CODIS, 18 September 1980

[32] AN 19890448/12, Note pour le Ministre, 16 February 1981

[33] AN 19890448/13, Groupe de Travail "Bilan du Plan Textile", 26 October 1984

[34] ibid.

[35] ibid.

[36] ibid.; AN 19890448/13, Bilan Préliminaire du Plan Textile, 1986

[37] AN 19890448/12, Letter to the Prime Minister, 14 February 1983

[38] AN 19890448/12, Note, 24 January 1983

[39] AN 19890448/12, Conseil des Ministres, 23 February 1983

[40] AN 19890448/12, Contraintes et Planning du renouvellement des contrats employ-formation textile, February 1983

[41] AN 19860476/25, Compte rendu, 21 February 1983 ; AN 19860476/25, Plan Textile, 15 April 1983

[42] AN 19890617/380, Note pour le Directeur du cabinet du Ministre, February 1982

[43] AN 19890617/380, Note, 28 January 1982

[44] AN 19860476/25, Compte Rendu, 21 February 1983

[45] AN 19860476/25, Note sur la position de la CEE, 28 April 1983

[46] AN 19860476/25, Compte-rendude la réunion avec la Commission de la C.E.E sur le Plan Textile Français, 19 October 1983

[47] AN 19860476/25, Exposé des Motifs, 1983

[48] AN 19890448/12, Note sur le Taux minimum Textile/Maille des contrats emploi-investissement, 18 March 1983

[49] AN 19890448/12, Fabius to Desbriere, 14 June 1984

[50] AN 19860476/25, Levy to Bouhin, 4 December 1984

[51] AN 19890448/13, Note pour M. le Directeur, 10 December 1984; AN 19890448/13, Boit to Cresson, 9 November 1984

[52] AN 19890448/13, Soutien à la Productique, 23 January 1983 ; AN 19890448/13, Propositions pour le lancement d'un plan productique dans le textile-habillement, 27 January 1983

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